

# **EXHIBIT F**

## **EXHIBIT 42**



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Re: **In re Fin. Oversight & Mgmt. Bd., No. 17-BK-3283-LTS – Discovery on Lift Stay  
Motions – Movants' Letters Dated February 24, 2020 and February 26, 2020**

Counsel:

We write to provide information regarding your outstanding requests for information and stipulations in Grant Mainland's email dated February 20, 2020 ("February 20 Email"), John Hughes III's February 26, 2020 letter ("February 26 Letter") and John Hughes III's March 6, 2020 letter ("March 6 Letter") written on behalf of Movants regarding Movants' informal discovery requests. None of this information has any relevance whatsoever to the issues of ownership, security interest, or standing before the Court at the April 2, 2020 hearing. AAFAF providing this information is not a concession as to its relevance.

***Flow of Funds Documents***

After conferring extensively with the Puerto Rico Department of Treasury ("Treasury"), the Puerto Rico Tourism Company ("Tourism"), the Puerto Rico Highways & Transportation Authority ("HTA"), the Puerto Rico Infrastructure Financing Authority ("PRIFA"), and personnel with historical GDB knowledge, AAFAF has not located records that map the account designations found in the bond documents for HTA, CCDA, or PRIFA to corresponding deposit account numbers. However, AAFAF and its professionals are working with Treasury, Tourism, HTA, and PRIFA to prepare summary documents setting forth each iteration of the flow of

pledged Rum Taxes, Hotel Taxes, and Excise Taxes and Toll Revenues from January 1, 2015 to the present. For PRIFA, at the Movants' request, we will include a description of the flow of funds pre-retention. We are working diligently with multiple government agencies and government consultants to prepare these documents. We will provide them to you as soon as practicable.

#### **Other CCDA/Tourism Questions**

- *Movants seek an explanation as to why the monthly deposit to the Scotiabank account do not match the Hotel Tax receipts. As an example, the Monolines noted that the net deposit amount the August 2015 Scotiabank Public Funds Statement is \$6,705,823.59 but the reported Hotel Taxes received that month is \$5,254,850. (Follow up to CCDA Request No. 2 in March 6 Letter at 2).*

Tourism has informed AAFAF that the difference is attributable primarily to a time gap between when the tax obligation is incurred and when the tax payment is received. Taxpayers typically file the room tax return for a given month on the 10th to 15th day of the following month, depending on the number of intervening holidays or weekends. In the August 2015 example, the amount collected in the first half of August is attributable to July 2015 hotel tax revenues. In addition, adjustments or prepayments may account for some of the difference.

- *Information regarding 23 transactions involving a GDB Account (February 26 Letter at 2)*

AAFAF has annotated Movants' chart below to reflect information received from Tourism regarding these transfers. AAFAF will also produce documents sufficient to evidence these transactions. As noted below, after conducting a reasonable search, AAFAF has not located information pertaining to the transaction identified as "██████ 2083 TRF FROM IBA." We are continuing our efforts to locate information related to this transaction.

<b>Date</b>	<b>Description</b>	<b>Transaction Amount</b>	<b>Note</b>
07/06/15	TRF 103483 TO ██████ 9947	Withdrawal of \$3,033,405.69	Debt payment transfer
07/22/15	TRF JP MORTAN [sic] ██████ 9758	Withdrawal of \$4,000,000.00	Transfer to Scotiabank Sweep Account ██████ 5144
07/24/15	TRF DE PR TOURISM COMPANY	Deposit of \$8,000,000.00	Transfer to Scotiabank Sweep Account ██████ 5144
08/04/15	TRF 103498 TO ██████ 9947	Withdrawal of \$3,033,405.69	Debt payment transfer
08/07/15	TRF JP MORGAN/TURISMO	Withdrawal of \$2,500,00.00	Transfer to Scotiabank Sweep Account ██████ 5144

09/02/15	TRF 103510 TO [REDACTED] 9947	Withdrawal of \$3,033,405.69	Debt payment transfer
09/09/15	TRF JP MORTAN [sic] [REDACTED] 9758 SWEEP CONCENT	Withdrawal of \$2,250,000.00	Transfer to Scotiabank Sweep Account [REDACTED] 5144
09/22/15	[REDACTED] 2083 TRF FROM IBA	Withdrawal of \$3,100,000.00	Documentation not yet located
10/02/15	TRF 103528 TO [REDACTED] 9947	Withdrawal of \$3,033,405.69	Debt payment transfer
10/07/15	TRF JP MORTAN [sic] [REDACTED] 975-8	Withdrawal of \$4,000,000.00	Transfer to Scotiabank Sweep Account [REDACTED] 5144
11/03/15	TRF 103541 TO [REDACTED] 9947	Withdrawal of \$3,033,405.69	Debt payment transfer
11/04/15	TRF JP MORGAN CHASE	Deposit of \$17,253.76	Room Tax Collections Transfer from Scotiabank
11/18/15	TRF JP MORTAN [sic] [REDACTED] 9758	Withdrawal of \$3,500,000.00	Transfer to Scotiabank Sweep Account [REDACTED] 5144
12/04/15	TRF SCOTIA/COMP TURISMO	Withdrawal of \$1,7000,000.00	Transfer to Scotiabank Sweep Account [REDACTED] 5144
12/24/15	TRF SCOTIA/COMP TURISMO	Withdrawal of \$2,000,000.00	Transfer to Scotiabank Sweep Account [REDACTED] 5144
01/08/16	TRF JPM/SCOTIA PR/CO TURISMO	Withdrawal of \$3,033,405.69	Debt payment transfer
02/05/16	TRF DE PR TOURISM COMPANY	Withdrawal of \$3,033,405.69	Debt payment transfer
02/22/16	COMPANIA DE TURISMO	Withdrawal of \$7,000,000.00	Transfer to Scotiabank Sweep Account [REDACTED] 5144
03/02/16	TRF SCOTIA/COMP TURISMO	Withdrawal of \$3,033,405.69	Debt payment transfer
03/03/16	TRF JP MORGAN	Deposit of \$30,134.06	Room Tax Collections Transfer from Scotiabank

03/10/16	TRF JPMC/COMP TURISMO	Withdrawal of \$3,450,000.00	Transfer to Scotiabank Sweep Account [REDACTED] 5144
03/16/16	TRF SCOTIABK/COMP TURISMO	Withdrawal of \$4,000,000.00	Transfer to Scotiabank Sweep Account [REDACTED] 5144
03/22/16	TRF SCOTIABK/COMP TURISMO	Withdrawal of \$1,000,000.00	Transfer to Scotiabank Sweep Account [REDACTED] 5144

### Other PRIFA Questions

- *Movants Requested additional information regarding nine headings in PRIFA\_STAY0001063, PRIFA\_STAY0001065, and PRIFA\_STAY0001072. (Follow up to PRIFA Request No. 1 in March 6 Letter at 2-3)*

AAFAF has received from Treasury the following descriptions of the headings contained in those documents. In addition, AAFAF will produce a spreadsheet showing all possible values for these fields.

- **Ledger:** The Puerto Rico Treasury Department's accounting system has the following "Ledger" types:
  - APPROP: Establishes a budget of money authorized for expenditures for a specific purpose during a specific period of time.
  - Allotment: Allocates a portion (or full amount) of an appropriation and makes it available for encumbrance or disbursement over a specific period of time.
  - Estimated Revenue: Tracks or controls revenues recognized and cash collected against estimated revenues.
  - Project Grant: Tracks or controls expenditures specifically for a Project Grant (federal funds).
- **Accounts:** This field classifies the nature of the transaction. Accounts are used to classify transactions as expenditure, revenues, asset, liabilities or equity transactions. Account value E6120 refers to Contributions to Municipalities/Entities with Independent Treasury for Operating Expenses. Account value R4220 refers to the account used for the Rum Cover Over refunds received from the Alcohol and Tobacco Tax and Trade Bureau for rum exported to the United States.
- **Fund:** Funds in Treasury's accounting system are both fiscal and accounting entities. Funds segregate financial information for the purpose of carrying on specific activities and attaining certain objectives in accordance with regulations, restrictions and limitations. Fund value "Fund 141" refers to Special Appropriation-Year Not Determined. Fund value "Fund 111" refers to Fondo General.
- **DeptID:** Organizational structures in the accounting system, which are typically systematic representations of a public sector entity. DeptID value "1610000" refers to Infrastructure Financing Authority. DeptID value "0250000" refers to Hacienda (No Dept.)



- Program: Programs in the accounting system are groups of related activities directed toward the accomplishment of sets of identifiable objectives. Program value "0002" refers to Public Debt.
  - Class: When combined with a Fund, Department ID, Program, and Budget Period, identifies an appropriation of budget key. Class value "009" refers to Debt Amortization.
  - Budget Period: It is used to identify the budget that the transaction should impact.
- *Movants requested pre-default (i.e., 2014) information for Rum Taxes. (March 11, 2020 Joint Statement).*

AAFAF will provide information regarding how the flow of funds worked before retention. AAFAF will also request bank account statements for these accounts. However, we have found that older bank account statements are often not readily accessible in a digital format, even at third-party banks. Given that Movants requested these materials so recently, AAFAF does not know whether these additional materials can be produced by Monday's substantial completion deadline. AAFAF will produce these materials as soon as practicable.

#### **Other HTA Questions**

- *Movants requested an explanation of eight headings in the voucher produced at HTA\_STAY0000467. (Follow up to HTA Request No. 1 in March 6 Letter at 3-4).*

AAFAF has received from Treasury the following descriptions of the headings contained in those documents:

- CT: This field describes the voucher type.
- LN: This field identifies the line item number within a voucher or invoice. On certain vouchers or invoices there may be multiple line items (each with a separate LN).
- Agen: This field identifies the ID number of an Agency as it is catalogued within the Puerto Rico Financial Accounting System ("PRIFAS"). Agen "006" "0660000" refers to HTA within PRIFAS.
- Cuenta: This field classifies the nature of the transaction. Accounts are used to classify transactions as expenditure, revenues, asset, liabilities or equity transactions. Account value E6120 refers to contributions to municipalities/entities with independent treasury for operating expenses
- Fondo: Funds in Treasury's accounting system are both fiscal and accounting entities. Funds segregate financial information for the purpose of carrying on specific activities and attaining certain objectives in accordance with regulations, restrictions and limitations. Fund 278 is one of the many fund numbers used to designate "Special Revenue Funds" within the Treasury systems. Separate Fund numbers exist to designate federal funds and the PR General Fund.
- Organización: Similar to the Agen field, but with a different numbering convention, organizational structures in the accounting system, which are typically systematic representations of a public sector entity. Value "0660000" refers to HTA within PRIFAS.
- Asig: Represents expense Class, which further details accounting identifiers within Treasury systems.
- Ano Pres.: This field describes the fiscal year in which the fiscal / financial systems

account was created.

AAFAF will produce a spreadsheet that identifies the possible values that can be contained in each field, and provides the description for each such value.

- *Movants seek the identity of the persons who created the worksheets in HTA\_STAY0000234, whether it was made and kept in the ordinary course of business, and explanation of various terms. (Follow up to HTA Request No. 1 in March 6 Letter at 4.)*

HTA has informed AAFAF that the worksheet is a document prepared on a monthly basis by accountants at the Puerto Rico Highways and Transportation Authority. The function of the "Vouchers AF 2016" worksheet is to keep a record of the vouchers submitted to the Puerto Rico Treasury Department, identify and reconcile the amount requested and received. An explanation of each column in that worksheet is set forth below:

- Date: Date of Voucher requested
- Description: Description of the revenue concept for which the voucher is prepared.
- No. Check: Identifies the check number or wire transfer information
- ID Voucher: Identifies the document and invoice number
- No. Receipt: This is the receipt number that HTA's accounting system assigns to an incoming transfer of funds.
- Fiscal Year: The accounting period
- Amount: The amount requested in the voucher
- 2016 and 2017: These columns track the corresponding voucher amounts in each of these fiscal years.

At the bottom of the spreadsheet is a list of "Account Withdraws." This represents the amounts of vouchers submitted to the Puerto Rico Treasury Department. An explanation of each category in the under that heading is set forth below:

- Petroleum HTA: PRHTA Petroleum
- Petroleum GDB: Governmental Development Bank Petroleum
- Clawback Treasury Department: Government Transit Fines received
- Toll Fines: Highways Toll Fines received
- License Fees (Act. 30-2013): License fees received under Act. 30-2013
- Cigarettes: Cigarettes Taxes received
- Tows: Tows Taxes received
- Gasoline, Diesel & License Fees (Res. 1968 & 1998): Gasoline, Diesel & License Fees taxes
- Account Receivable FY 2016: Pending to be received for the tolls fines of Fiscal Year 2016





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Sincerely,

*/s/ Elizabeth L. McKeen*

Elizabeth L. McKeen